

MEMORANDUM

Date: March 30, 2010

To: Mayor and City Council
All City Employees

From: Gary W. Jackson, City Manager

Subject: Administrative announcement - Human Resources Department

Over the last four months, the Asheville Police Department, in cooperation with other law enforcement agencies, has investigated alleged fraudulent activity in the city's Human Resources department. Earlier today, charges were filed against four people as a result of the investigation.

This news will be extremely difficult for our organization and its workforce, particularly because the allegations are in no way reflective of our core values and commitment to the community. As public servants, we must hold ourselves to the highest ethical standards. Any breach of those standards is simply unacceptable.

When questionable practices were identified in Human Resources in December 2009, I immediately turned the information over to the appropriate law enforcement agencies to launch an investigation. We took this matter most seriously and have expected nothing less than full cooperation with the Asheville Police Department, the District Attorney's Office and other agencies as the investigation moved forward.

As of today, the human resources director and human resources assistant director are no longer employed by the city. Assistant City Manager Jeff Richardson will continue to manage the human resources department while we recruit and hire new leadership for the department over the next three to six months. I am confident that Mr. Richardson's background in human resources will provide the direction and expertise we need during this time. This will include securing a third-party contractor to manage the Healthcare Flexible Savings Account Program. This move should assure the public that the appropriate policies and regulations will be followed.

Building trust in local government can only be formed through the collective behaviors of an organization's individual members and leaders over time. We have hundreds of employees who serve the public with honesty and integrity, and we should all be reminded of the high standard of personal conduct that is expected and demonstrated everyday. That's why I am also charging every department director with reviewing our ethics policy and raising awareness with all employees.

We will take every necessary step to ensure the management of our Human Resources Department is guided by good judgment, solid ethics and sound management principles. With the leadership and support of our employees, I am confident we will come out of this as a stronger organization with better controls in place and renewed community trust in every city function.